

1/31/2006

Testimony of Senator Jim Barcia on SB 52

House Commerce Committee

Rep. Bill Huizenga, Chair

**Thank you for the opportunity to speak today in
support of Senate Bill 52.**

**I want to thank the Chairman of the Committee,
Representative Huizenga, for scheduling this hearing,
as well as the members of the committee for
considering this matter.**

SB 52 would amend the Obsolete Property Rehabilitation Act (OPRA) to include within the definition of “rehabilitation” the adding of additional space or the adding of additional stories to a commercial property.

Under OPRA an owner of a commercial property can obtain a property tax abatement for blighted, functionally obsolete and contaminated properties in “core” communities.

Currently, the term rehabilitation refers to changes required to restore or modify property to an economically efficient condition and lists a number of

renovations that are specifically mentioned in the definition.

SB 52 would simply include the adding of additional space or the adding of additional stories within that definition.

With many communities in my district and across the State attempting to attract new businesses and residents to older areas, it is important that we have the flexibility to make rehabilitation projects cost effective for property owners and tenants.

In Bay City, we have at least two projects that could benefit from this change to OPRA and I'm sure there are other similar projects across the State that could take advantage of this.

Last session an identical version of this bill passed the House with a unanimous vote.

This bill does not increase or decrease the amount of the tax credit; it merely clarifies how the credit will be distributed. Thus there is ^{negligible} ~~no~~ negative state or local fiscal impact.

As we continue to look for ways to stimulate our economy and give local communities the flexibility to attract new development, I believe that SB 52 accomplishes both and does so without costing the state any revenue.

I also would like to speak in support of a minor amendment that will be offered to make the bill retroactive to September 1, 2002. This would allow any project that may have commenced after that date to be eligible for the credit and would specifically assist a rehabilitation project in Bay City.

**I would respectfully urge the Committee to favorably
consider this bill with the amendment and, once again,
thank you for allowing my testimony.**